

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 95611 / August 25, 2022**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4327 / August 25, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21005**

<p><b>In the Matter of</b></p> <p style="text-align:center"><b>Jigisha Desai</b></p> <p><b>Respondent.</b></p>
--

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Jigisha Desai (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. Granite Construction Inc. ("Granite") is a publicly traded company that specializes in the construction of infrastructure projects. From at least 2017 through the third quarter of 2019 ("the Relevant Period"), Granite recognized revenue in incorrect periods with respect to multiple projects managed by its significant subdivision, the Heavy Civil operating group ("Heavy Civil Group"). As a result, Granite materially overstated revenue for certain reporting periods and understated revenue in other periods.

2. In February 2021, Granite announced material misstatements in its financial statements for its Forms 10-K for fiscal years 2017 and 2018 and its Forms 10-Q for each of the quarters of 2018 and 2019.

3. Jigisha Desai, who was Granite's Chief Financial Officer during a portion of the Relevant Period, received bonuses, incentive-based compensation, and equity-based compensation during the 12-month periods following the filings containing financial results that Granite misstated as a result of misconduct. Desai, who is not being charged with misconduct, reimbursed Granite for this compensation as required under Section 304(a) of the Sarbanes-Oxley Act of 2002, in connection with this Order.

#### Respondent

4. **Jigisha Desai** is 55 years old and resides in Santa Cruz, California. Desai was Granite's Chief Financial Officer from July 2018 until January 2021.

#### Related Entity

5. **Granite Construction Inc.** is a Delaware corporation headquartered in Watsonville, California that was founded in 1922. Granite's common stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934. Granite's stock has been publicly traded since 1990. Granite's common stock trades on the New York Stock Exchange. Granite files periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

---

<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **Facts**

6. On March 2, 2020, Granite announced that its Audit Committee was conducting an internal investigation into the accuracy of the Heavy Civil Group's prior-period reporting, and that it would need to delay the filing of its Form 10-K for fiscal year 2019.

7. On February 19, 2021, Granite announced material misstatements in its financial statements and related disclosures for fiscal years 2017 and 2018 and the quarterly reports for 2018 and 2019 because of errors in the Heavy Civil Group's project forecasts.

8. On February 22, 2021, Granite restated its previously issued consolidated financial statements for its Forms 10-K for fiscal years 2017 and 2018 and its Forms 10-Q for each of the quarters of 2018 and 2019. The restatement corrected misstatements that overstated its revenue for certain periods and understated its revenue in other periods.

9. The restatement of Granite's revenues resulted from its improper deferral of expected costs in quarterly project forecasts for several of the Heavy Civil Group's largest projects. According to Granite's critical accounting policies disclosed in its Forms 10-K for fiscal years 2017 and 2018, the company recognized quarterly and annual revenues under long-term construction contracts using a percentage of completion ratio, which analyzed actual incurred costs and total expected costs for each construction project, to determine how much revenue was earned by Granite during that period. Thus, an increase in the total expected costs from period to period would result in lower earned revenues.

10. The Senior Vice President of the Heavy Civil Group, while acting on behalf of Granite, approved and certified project forecasts despite, among other things, being presented with warning signs that the project forecasts understated costs, and thus overstated revenue, during multiple quarters. These inaccurate project forecasts caused Granite to recognize revenue earlier in incorrect periods for fiscal years 2017 and 2018.

## **Compensation of CFO Desai**

11. During the 12-month periods that followed the filing of financial statements in Granite's quarterly and annual reports requiring restatement, Desai received bonuses, incentive-based compensation, and equity-based compensation.

12. On July 7, 2022, in connection with this Order, Desai reimbursed Granite a total of \$176,100.51, which includes bonuses and the cash equivalent of 2,603 shares she received as incentive compensation based on the last closing price as of June 17, 2022.

## **Violation**

13. As a result of the conduct described above, Desai violated Section 304 of the Sarbanes-Oxley Act of 2002, which requires the chief executive officer and chief financial officer of any issuer required to prepare an accounting restatement due to material noncompliance with the securities laws as a result of misconduct to reimburse the issuer for (1) any bonus or other incentive-

based or equity-based compensation received by that person from the issuer during the 12-month period following the first public issuance or filing with the Commission of the financial document embodying such financial reporting requirement and (2) any profits realized from the sale of securities of the issuer during that 12-month period. Section 304 does not require that a chief executive officer or chief financial officer engage in, or be aware of, misconduct to trigger the reimbursement requirement.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Desai's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations of Section 304(a) of the Sarbanes-Oxley Act of 2002.

By the Commission.

Vanessa A. Countryman  
Secretary